TD

Distr.
GENERAL

TD/B/SR.471
29 August 1977

ENGLISH
Original: FRENCH

United Nations Conference on Trade and Development

TRADE AND DEVELOPMENT BOARD

Seventeenth Session

SUMMARY RECORD OF THE 471st MEETING (First Part)

Held at the Palais des Nations, Geneva,
on Friday, 26 August 1977, at 12 noon

President: Mr. de ALWIS (Sri Lanka)

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GE.77-68351

INTERDEPENDENCE OF PROBLEMS OF TRADE, DEVELOPMENT FINANCE AND THE INTERNATIONAL MONETARY SYSTEM (agenda item 2) (TD/B/665 and Add.1 (Parts I and II)) (continued)

1. Mr. SHUKLA (India) said that the international community was still suffering from the shock caused by the world economic crisis. Developing countries, which were not responsible for that economic malaise, were nevertheless its main victims. Their economic growth rates had fallen sharply in recent years. They had had to contract short-term loans, thus increasing their burden of external indebtedness, and to reduce their imports, thus jeopardizing their economic growth.

2. It was most disturbing to find that, according to the report by the secretariat, a lower growth rate could be expected in developed countries in 1977 and 1978, and that it was quite likely that the crisis would continue even longer in the countries members of the Organisation for Economic Co-operation and Development (OECD). That situation was liable to have serious consequences for the growth prospects of developing countries: namely a fall in their exports and difficulty in obtaining the necessary finance and servicing their debts. It was therefore vital that the international community should take appropriate action to prevent any deterioration in the situation, to maintain international economic stability, and to promote sustained growth in developing countries.

3. In his delegation's opinion, co-ordinated action by the international community would include a number of important elements. The commitment by economically advanced countries under the International Development Strategy to transfer 0.7 per cent of their gross national product as public development aid should be fulfilled by 1980. That aid should be distributed on the basis of the needs of developing countries, and the resources of multilateral organizations should be greatly increased. Arrangements should be made to lighten the burden of indebtedness of the least developed, island and land-locked developing countries in particular. The international monetary system should be reorganized in the light of the specific situation of developing countries. There should be a substantial increase in the International Monetary Fund quotas, and developing countries should be able to play a more important part in the Fund's decision-making. The Special Drawing Rights should become the main reserve of the international monetary system, and a link should be established between the SDRs and development financing. A fresh issue of SDRs should be made to help to stabilize the international monetary system and to improve the make-up of resources. Finally, financial clearing facilities should be improved to meet the needs of developing countries, and there should be an element of generosity in supplementary financing for developing countries.

4. The revenue and purchasing power of developing countries should be improved by stabilizing the proceeds from the sale of commodities. To attain that objective it was essential to implement the Integrated Programme for Commodities.

5. Developing countries should be given freer access to the markets of developed countries by improving the generalized system of preferences and by other measures to be adopted during the multilateral trade negotiations.

6. The strengthening of co-operation among developing countries should enable them to exploit fully their resources, and their financial and technical potential and thus make them less vulnerable to outside influences.

7. Those were some of the elements which the international community should bear in mind in implementing a co-ordinated plan of action that would take account of the interdependence of the different factors, promote the progress of developing countries, strengthen trade flows, increase industrial production, and improve the employment situation in developing and developed countries.

8. Mr. RIVERA (Mexico) said that the New International Economic Order would become a reality only insofar as developed countries paid due regard to the fundamental concerns of the developing countries by recognizing the need for changes in essential aspects of the structural adjustment which the present world economic system must undergo. The results of the Conference on International Economic Corporation were an eloquent illustration of failure to understand the things that worried the developing countries in sectors vital to them. In view of the interdependence of those various sectors (including trade, development finance and the international monetary system), it was essential that progress should be made in all of them if a new international economic order was to come into being.

9. Hardly any progress had been made in the negotiations on the Common Fund and on commodities. The Board must therefore insist that the preparatory meetings endeavour to reach positive results within the time-limits set by Conference resolution 93 (IV).

10. Since the negotiations on a new international economic order had now reached a deadlock, the Governments of developed countries should furnish public opinion at home with full information as to what it meant, since it was important that it be fully understood right from the start so as to dispel any misgivings which the private sector in developed countries might have. Economic problems and private interests, however important they might be, should not be the focus of concern. The task of informing the public would also make the political leaders of industrialized countries aware of the interdependence of the world and of the consequences thereof for future welfare, production and consumption in developed countries.

OTHER PARTICULAR MATTERS IN THE FIELD OF TRADE AND DEVELOPMENT (agenda item 6) (continued)

(c) PROGRESS IN THE IMPLEMENTATION OF:

(i) SPECIAL MEASURES IN FAVOUR OF THE LEAST DEVELOPED AMONG THE DEVELOPING COUNTRIES

(ii) SPECIFIC ACTION RELATED TO THE PARTICULAR NEEDS AND PROBLEMS OF ISLAND DEVELOPING COUNTRIES

(iii) SPECIFIC ACTION RELATED TO THE PARTICULAR NEEDS AND PROBLEMS OF LAND-LOCKED DEVELOPING COUNTRIES (TD/B/AC.21/2 and 21/3, A/32/126) (continued)

11. Mr. CUTTLE (New Zealand), noting that the annotations to the provisional agenda (TD/B/654) announced that a full progress report on the implementation of special measures in favour of the least developed countries would be submitted to the Intergovernmental Group on Least Developed Countries scheduled to meet in July 1978, expressed the hope that it would be possible to hold a meeting between representatives of financial and technical assistance institutions and representatives of the least developed countries before then so that the Intergovernmental Group would have the benefit of the recommendations emanating from that meeting.

12. New Zealand had traditionally recognized the special needs and problems of island developing countries, especially those of the neighbouring South Pacific, which included some of the poorest of the world's developing countries. Indeed, in 1976-1977 almost 60 per cent of New Zealand's total bilateral aid, all of it in the form of grants, had gone to that area.

13. New Zealand's aid to those island countries reflected the development priorities of the recipients and was focused on directly productive projects in the primary sector (essentially agriculture, forestry and fisheries). Considerable aid was also channelled into infrastructural improvements (construction of roads or jetties, provision of inter-island and coastal transport, development of the hydro-electric potential, etc.), which were essential to the development of other forms of economic activity. The smallness of those islands and the vast distances between them meant that transport, communications and marketing raised more serious development problems for them than the expansion of production. For that reason, a significant proportion of New Zealand's regional aid programme, as distinct from its bilateral aid efforts, was allocated to transport and communications. New Zealand had joined with the island countries of the Pacific to set up the Pacific Forum Line, an important venture in regional co-operation, and was subsidizing shipping services to the Cook Islands, Niue and Tokelau, which would not otherwise be economic.

14. At the same time, New Zealand was providing incentives for companies to develop approved manufacturing operations in Fiji, Tonga, Western Samoa, and Niue, with the object of fostering economic development and providing employment in those countries.

15. Advisory services on shipping and ports provided by UNCTAD to island developing countries were a gratifying innovation, as also was the organization of training courses on port management and shipping economics. The October meeting of the Group of Experts on Feeder and Inter-Island Services by Air or Sea for Island Developing Countries was particularly significant, and his delegation looked forward to its conclusions. Since the preparation of the report to the General Assembly (A/32/126), a mission had been undertaken by one of UNCTAD's regional advisers on trade expansion and economic integration to examine South Pacific assistance requirements within the competence of UNCTAD and the Economic and Social Commission for Asia and the Pacific (ESCAP).

16. Initiatives of that kind could be of immeasurable assistance to island developing countries as long as there was continued recognition of their diversity and continued respect for their national aspirations. New Zealand trusted that UNCTAD would continue and intensify its work in that field.

The meeting rose at 12.30 p.m.